GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Home Department – The Andhra Pradesh Protection of Depositors of Financial Establishments Act, 1999 - Attachment of movable properties in respect of M/s. Margadarsi Chit Fund Private Limited (MCFPL) in Cr.Nos.02/2023 to Cr.No.08/2023 of the Crime Investigation Department Police Station, Andhra Pradesh, Mangalagiri under sections 120(B), 409, 420, 477(A) read with section 34 of the Indian Penal Code, 1860 and section 5 of the Andhra Pradesh Protection of Depositors of Financial Establishments Act, 1999 and sections 76 and 79 of the Chit Funds Act, 1982 - Ad-interim orders - Issued.

HOME (GENERAL-A) DEPARTMENT

G.O.Ms.No.116 **Dated: 15.06.2023.**

Read the following:

1) G.O.Ms.No.193, Home (Genl.B) Department, Date:23.08.2001
2) From the Additional Director General of Police, Crime Investigation Department, Andhra Pradesh, Mangalagiri Letter No.C.No.5705/C-13/AP-CID/2023, date:09.06.2023

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ORDER:

Whereas, in the G.O. first read above, Government have appointed the Additional Director General of Police, Crime Investigation Department, Andhra Pradesh, Mangalagiri as the case may be, as the "Competent Authority" under sub-section (1) of section 4 of the Andhra Pradesh Protection of Depositors of Financial Establishments Act, 1999 (Andhra Pradesh Act No.17 of 1999) to safeguard the interests of the depositors and to exercise control over the properties attached by the Government under sections 3 and 8 of the said Act.

2. Whereas in the letter second read above, the Additional Director General of Police, Crime Investigation Department, Andhra Pradesh has reported that M/s Margadarsi Chit Fund Private Limited (MCFPL) was established on 31-08-1962 at Hyderabad and have 37 branches in the State of Andhra Pradesh. Sri Ch.Ramoji Rao (Director), Smt. Sailaja Cherukuri Managing Director, Sri Bandaru Srinivasa Rao, Foreman, Labbipeta Branch, Vijayawada, Sri G.SivaramaKrishna, foreman, Arundelpeta branch, Guntur, Sri C.V.GopalaKrishna, foreman, Ananthapur branch, Sri M.Adhisesha Rao, Foreman, Narasaraopeta branch, Palnadu District, Sri Gundapaneni Venkata Rama Prasad, foreman, Eluru branch, Eluru District, Sri Ravishankar, foreman, Rajamahendravaram branch, Rajamahendravaram, Sri K.Rama Krishan, foreman, Seethammapeta branch, Visakhapatnam by Managing Director, Sri K.Shravan, Statutory auditor for the accused company. The accused company operating chit groups ranging between Rs.50,000/ to Rs.1,00,00,000/- and presently, there are 1989 active chit groups operating in Andhra Pradesh and 2316 active chit groups operating in Telangana State. The Chairman, Managing Director, Foremen and Auditor of the company have conspired and committed the offences.

3. Whereas, the Additional Director General of Police, Crime Investigation Department, Andhra Pradesh has also stated that an inspection was conducted on 15.11.2022 at the branch offices of M/s Margadarsi Chit Fund Private Limited located throughout the Andhra Pradesh by the officials of Registration and Stamps Department. During the inspection, a host of offences and violations of provisions of the Chit Funds Act, 1982 were noticed under sections 27, 32, 31, 24 and Form-XXI under Rule 28(2) for each individual chit group. On analyzing the Statements, the Auditor found that the Chit Fund collections from the branches are being transferred to the Corporate Office and the amounts inturn being invested in mutual funds. It was also identified that the accused company had engaged in criminal activities by creating an ingenious vicious cycle perpetrating fraud, cheating, Criminal breach of trust and wrongful enrichment for its own gains at the cost of gullible Chit subscribers for Non-Payment of subscription amount and violated to maintain bank accounts to mask the fraudulent activities, Illegal Deposits Scheme. Further, the Company is not in a position to pay the amounts to the subscribers, when they demanded. It has also been noticed that the Company divert the Funds

to other investments illegally, which violates the RBI regulations and the provisions of section 12 of the Chit Fund Act,1982 and it is also an offence under section 5 of the Andhra Pradesh Protection of Depositors of Financial Establishments Act, 1999 (Andhra Pradesh Act No.17 of 1999).

4. Whereas, the Additional Director General of Police, Crime Investigation Department, Andhra Pradesh has further stated that during the investigation, it was noticed that, certain movable properties are held in the name of the accused company i.e., M/s. Margadarsi Chit Fund Private Limited. The details of the movable properties are described in the Annexure-I (Total of Rs.242,03,08,637.91/-).

5. The Additional Director General of Police, Crime Investigation Department, Andhra Pradesh, Mangalagiri has requested the Government, to issue an ad-interim orders for attachment of the movable properties as per Annexure I appended to this order, total worth of Rs.242,03,08,637.91/- authorizing the Additional Director General of Police, Crime Investigation Department/Competent Authority under sections 3 and 8 of the Andhra Pradesh Protection of Depositors of Financial Establishments Act, 1999 to file an application before the Hon'ble Court concerned to make the orders absolute.

6. The Government, after careful examination of the matter, hereby issued an ad-interim orders for attachment of the movable properties described in the Annexure I of this order in respect of M/s Margadarsi Chit Fund Private Limited (MCFPL)., duly authorizing the Additional Director General of Police, Crime Investigation Department, Andhra Pradesh, Mangalagiri and competent authority, as defined in sections 3, 8 and section 4(1) of the Andhra Pradesh Protection of Depositors of Financial Establishments Act, 1999, is given possession and control over the attached movable properties and to file an application before the Hon'ble Court concerned to make the orders absolute.

7. The Additional Director General of Police, Crime Investigation Department, Andhra Pradesh, Mangalagiri and the Competent Authority is requested to take necessary further action in the matter as per the provisions of the said Act and Rules made there under, duly following the due procedure and send compliance report to the Government.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

HARISH KUMAR GUPTA
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Additional Director General of Police, Crime Investigation Department, Andhra Pradesh, Mangalagiri (w.e.).
Copy to:
The Director General of Police, Andhra Pradesh, Mangalagiri. (w.e.)
The Commissioner & Inspector General of Registration and Stamps, A.P., Vijayawada
The O.S.D. to Hon'ble Minister (Home) Andhra Pradesh.
The P.S. to Principal Secretary to Government, Home Department.
The Law (C) Department, A.P., Secretariat, Velagapudi.
Sf/Sc.

//FORWARDED :: BY ORDER//

SECTION OFFICER